

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2327 - SB 2638**

March 7, 2016

**SUMMARY OF BILL:** Requires the Department of Treasury, with the assistance of the Department of Education (DOE), to examine the requirements for funding retirement benefits for local education agency (LEA) employees which impose a fiscal obligation on an LEA, other than those under the Tennessee Consolidated Retirement System (TCRS).

Requires the departments to determine the pro rata share of the per student state and local funds expenditure of each LEA required to fund such benefits. Authorizes an LEA to withhold the pro rata share from charter school funding in order to fund retirement benefits for LEA employees or charter school employees not under TCRS whether or not such withholding is included in the chartering agreement between the LEA and the public charter school

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – State and local Basic Education Program (BEP) funding may shift from public charter schools to local education agencies. Any permissive and recurring shift of BEP funding cannot be reasonably quantified; however, any net permissive impact to local government is estimated to be not significant.**

Assumptions:

- Based on information provided by the Department of Treasury, existing resources will be utilized to determine the pro rata share of per student state and local funds used to fund retirement benefits.
- Based on information provided by the Comptroller of the Treasury and the Department of Education, LEAs may realize a recurring increase in revenue as a result of this legislation while recurring revenue to charter schools would decrease.
- Any permissive shift in BEP funding cannot be reasonably quantified due to multiple unknown factors.
- There will be no significant impact on TCRS or the DOE.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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